

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



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**This brochure provides information about the qualifications and business practices of North Woods Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 716.220.8497 or via email at [jeremy@north-woods.com](mailto:jeremy@north-woods.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about North Woods Asset Management LLC (CRD# 226575) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

North Woods Asset Management LLC is required to disclose any material changes to this ADV Part 2A here in Item 2. The firm's phone number has been changed to 716.220.8497.

**Item 3: Table of Contents**

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INFORMATIONAL BROCHURE  
NORTH WOODS ASSET MANAGEMENT

**Item 4:        Advisory Business**

North Woods Asset Management LLC (“North Woods”) has been in business since August, 2015. William Tilton Wadsworth, William Barrett Wadsworth, and Jeremy Tilton Wadsworth are the firm’s principal owners.

North Woods believes that a personalized investment management strategy is valuable to individuals at all stages of life and/or career. One’s investment approach cannot be viewed in isolation; it is inherently dependent upon and in turn influences every other financial aspect of one’s life. We believe that the best way to capture the nuances of each client’s personal situation is to develop an individual plan for each client that details the goals, time horizon, qualitative objectives, return objectives, and risk tolerances for each bucket of money with every client prior to investing. We provide in-depth cash flow and retirement planning analysis to help facilitate major life decisions. For example, we may work with clients to determine when they can retire, how much they can responsibly spend during retirement, or how much return on their investments they need to fund a particular life style. The answers to these questions then help direct us, as the investment advisors, to develop an investment portfolio with appropriate risk and return objectives. Due to the level of attention and work required to serve each client, North Woods has a portfolio minimum of \$100,000. Each managing member has the discretion to accept clients under this threshold if he or she deems appropriate.

Retirement Plan Consulting Services

North Woods provides investment advisory services to qualified and non-qualified plans. While ultimately linked to investments and investment advice, consulting to pension plans can involve a great deal more than selecting investments. North Woods acts as a connector and communicator for the plan by bringing in vendors, who provide North Woods with a list of potential investments. North Woods will then take the investment options provided by the vendor, and select the plan’s offerings. Throughout this process, North Woods can be as integrated as the plan sponsor wishes, from acting on an as-needed basis only to acting as the plan sponsor’s shepherd through the entire process of setting up and maintaining a plan.

Asset Management

North Woods believes that the best portfolio management requires smart asset allocation, strong fund/manager selection, and strategic “factor” weightings. However, while each of these components are important to a portfolio, they are not equal. In order to incorporate all three components properly, North Woods utilizes a “Three Filter” approach to portfolio construction, in which macro-level decisions are made before micro. Specifically, based on a client’s risk and return profile, we first determine the proper asset allocation, which has the greatest impact on long term returns and short-term volatility. We then perform fund manager research and due diligence on fund strategies, track records, and fees, to build a stable of top funds in each asset class. We then choose a lineup of funds from those stables that when combined, create the portfolio-wide “factor” exposure that is desired.

### The Three Filters

1. **Asset Allocation.** We develop long-term (typically ten years) risk and return projections for all global asset classes and develop target allocations based upon these projections. North Woods believes that many US investors exhibit a ‘home bias’ in which they are more inclined to invest in US securities despite well developed projections that may favor international or alternative investments. Therefore, North Woods does not restrict itself by setting guidelines on how much must be invested in each asset class. Rather, for each of the investment portfolios described later, North Woods targets a maximum downside risk which allows us to maximize the expected return for each portfolio at a given level of risk. We believe in diversification and the benefits of rebalancing, so we will always maintain global diversification within each of our portfolios. After making the asset allocation decision, North Woods focuses on manager selection to fill each role.
2. **Fund/Manager Selection.** We believe that short-termism has become prevalent throughout much of the investment industry, so our first goal is to search for funds that utilize longer term metrics and/or analysis for security selection. We believe strongly in funds that integrate ESG criteria in either a quantitative or qualitative manner, to counteract short-termism in security selection, and because of the large amounts of compelling data indicating that ESG factors are correlated to higher long-term risk-adjusted returns. The criteria we use to select funds differs by asset class, as we are adherents to passive index-based investing in certain asset classes, while we believe good active managers can be worth the higher expense ratios in certain other asset classes.
3. **Factor Exposure.** The primary goal is to evaluate a portfolio as a whole, in order to ensure that the fund/manager selection process does not create an unintended and unwanted tilt towards or away from specific factors. The secondary goal depending on market circumstances and the makeup of funds within our asset class stables, is to purposefully increase or decrease exposure to a specific factor. For example, it would be possible that utilizing the top-rated fund from each of our asset class stables creates a portfolio that is very heavily weighted towards growth stocks and away from value stocks. In general, this heavy tilt can hurt diversification and increase volatility. This would be even more problematic if market research indicated that growth is currently overvalued relative to value. Not every factor can be evaluated and measured at the portfolio level, but we use this final lens to ensure that the final lineup of funds when put together, provide the desired exposure to those factors that we are able to measure.

When we perform asset management services, we will do so on a discretionary basis, meaning that we are not required to get permission from the client prior to executing a change to client accounts. This means that our agreement with you will include a Limited Power of Attorney granting us the ability to make these changes.

### Assets Under Management

As of the March 4, 2021, North Woods has approximately \$35,201,679 in assets under management in 372 accounts, all of which is managed on a discretionary basis. Also, North Woods consults on an additional \$9,015,417, giving North Woods a total of \$44,217,096 in assets under advisement.

## Item 5: Fees and Compensation

### A. Fees Charged

All investment management clients will be required to execute an Agreement that will describe the type of management services to be provided and the fees, among other items. Clients, but especially clients with smaller accounts, are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, North Woods for investment services. If you do not receive a copy of this brochure at least 48 hours prior to the execution of an Agreement, you may terminate the agreement within the first five (5) business days without penalty.

Occasionally, various related client accounts may be grouped together to qualify for reduced advisory fees. This format is called "family billing". It is the responsibility of the client to verify accuracy of fee calculation.

#### Asset Management

Generally, fees vary from 0.50% to 1.00% per annum of the market value of a client's assets managed by North Woods. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, the managers selected for the account, and other factors.

#### Retirement Plan Consulting Services

Generally, fees vary from 0.10% to 0.75% per annum of the market value of a client's assets managed by North Woods. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, the managers selected for the account, and other factors. The fee schedules for retirement plans are as follows:

#### 401K, 403B, & Profit Sharing

Assets Under Management	Annual Rate
First \$0-\$5,000,000	0.25%
Above \$5,000,001	0.10%

### B. Fee Payment

#### Asset Management:

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in arrears, and the value used for the fee calculation is the daily average balance of the portfolio for the previous quarter. The daily average balance is the sum of each day's balance divided by the number of days during that quarter. This means that if your annual fee is 1.00%, we will take the previous quarter's daily average balance, multiply the value by 1.00%, and then divide by 4 to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part

of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to North Woods. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will receive a statement from their account custodian showing all transactions in their account, including the fee.

**C. Other Fees**

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. North Woods can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

**D. *Pro-rata* Fees**

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be responsible for the payment of any management fees for the portion of the quarter during which you were a client. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire). North Woods will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to North Woods and will become a retail account with the custodian.

**E. Compensation for the Sale of Securities.**

This item is not applicable.

**Item 6: Performance-Based Fees**

North Woods will not charge performance based fees.

**Item 7: Types of Clients**

North Woods provides personalized investment advisory services to individuals, trusts, and retirement plans. North Woods typically requires clients to place a minimum of \$100,000 with the firm, but may waive this minimum at our discretion.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

### *Investment Allocations & Investment Portfolios*

Each client's portfolio will be invested according to that client's investment objectives. Once we ascertain your objectives for each account, we will develop a set of risk tolerance guidelines, and then in some cases place the assets in one of our four investment portfolios, each with a different strategy.

The investment portfolios are not investment products. Clients may have different needs than others within the same investment portfolio. Accordingly, not all clients in each investment portfolio will have the exact same percentages of each underlying investment.

The investment portfolios that we recommend are based on the needs of the client as compared with the typical behavior of that security type or manager, current market conditions, the client's current financial situation (including assets that may be managed by another advisor), financial goals, and the timeline to meet those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client.

We may periodically recommend changes to the investment portfolios and client portfolios to meet the guidelines of the asset allocation for the portfolio or an individual client's objectives. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

When NWAM makes changes to an investment portfolio, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

The investment portfolios utilized include:

#### **U.S. Treasury**

This portfolio is appropriate for risk-averse clients with a short time horizon of less than 5 years or seeking current income and is designed primarily to protect downside risk while still allowing for some degree of growth potential over time. This portfolio is primarily invested in US Treasuries but may invest in high investment grade corporate bonds. This portfolio is typically used by individuals in withdrawal phase or those who need a high degree of liquidity. We commonly implement a 'bucket strategy', in which a portion of a client's assets are placed in this portfolio to fund withdrawals, while the remainder of the funds are invested in one of the three other portfolios to increase overall return levels. A risk one may endure with this portfolio is opportunity cost, or the loss of potential gain from other alternatives while invested in this portfolio.

#### **Income**

This portfolio is appropriate for risk-averse clients with a short time horizon of less than 5 years or seeking current income and is designed primarily to protect downside risk while still allowing for some degree of growth potential over time. This portfolio is primarily invested in fixed-income but remains well diversified across asset classes. It is understood that this portfolio will still likely experience



losses during a down market, but through diversification, active rebalancing, and tactical asset allocation the goal is to reduce volatility and limit those losses relative to equity markets.

### **Growth & Income**

This portfolio is appropriate for clients who would like to participate in the upside of the equity markets while at the same time being protected on the downside. This portfolio is typically recommended for funds with a 5-15-year time horizon. This portfolio is invested in a combination of fixed income and equities but remains well diversified across asset classes. It is understood that this portfolio will likely experience losses during a down market, but through diversification, active rebalancing, and tactical asset allocation the goal is to reduce volatility and limit those losses relative to equity markets.

### **Growth**

This portfolio is appropriate for clients with a long-time horizon that want to maximize the long-term annualized return on their portfolio. This program is primarily invested in equities but remains well diversified across asset classes. It is understood that this program will likely experience significant losses during a down market, but through diversification, active rebalancing, and tactical asset allocation the goal is to reduce volatility and limit those losses relative to equity markets.

If we are managing your account directly, the specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of mutual funds, index funds, exchange traded funds, stocks, and bonds. Specific funds are chosen based on where its investment objective fits into the asset allocation recommended by NWAM, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund NWAM deems relevant to that particular fund. North Woods also incorporates sustainability criteria into all investment decisions. This means that Environmental, Social, and Corporate Governance (ESG) criteria are incorporated into the investment decision. North Woods utilize third-party vendors that provide ESG ratings, scores, and qualitative descriptions for companies, mutual funds, and exchange-traded funds. The primary motivation to utilize sustainable criteria is to find managers who focus on the long term and reduce the short-termism that North Woods believes is present in much of the investment industry. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

Additionally, part of the North Woods process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. North Woods attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

### **Risk of Loss**

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that North Woods may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. North Woods endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security North Woods feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. North Woods utilizes short sales only when the client's risk tolerances permit.
- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company

is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While North Woods selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition Risk.** As assets are transitioned from a client's prior advisers to North Woods there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by North Woods. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of North Woods may adversely affect the client's account values, as North Woods' recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **Interest Rate Risk.** The chance that bond prices will decline because of rising interest rates. Longer term bonds are more susceptible to interest rate risk than shorter term bonds.

- **Call Risk.** The chance that during periods of falling interest rates issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. This forces the reinvestment of the unanticipated proceeds at a potentially lower interest rate.

- **Excess Cash Balance Risk.** Client accounts may have cash balances in excess of \$250,000, which is the insurance limit of the Federal Deposit Insurance Corporation. For cash balances in excess of that amount, there is an enhanced risk that operation related counterparty risk related to the account custodian could cause losses in the account. We mitigate this risk by carrying cash balances in amounts either subject to protection or as limited as you, the client, directs. You may elect to participate in a "cash sweep" program through your account custodian which automatically moves excess cash from your investment account into a cash account and then invests that cash into cash based investments, such as money market funds. We do not receive compensation of any kind for facilitating your participation in such cash sweep accounts.

**Item 9: Disciplinary Information**

There are no disciplinary items to report.

**Item 10: Other Financial Industry Activities and Affiliations****A. Broker-dealer**

Neither the principal of North Woods, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

**B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of North Woods, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. Relationship with Related Persons**

Mr. William Wadsworth, a principal of North Woods, is also an employee of SDN Insurance Agency, LLC, an insurance agency licensed in the State of New York. SDN works with businesses and individuals seeking life, accident, and health insurance. Therefore, certain professionals of North Woods are separately licensed as insurance agents. As such, these professionals may conduct insurance product transactions for North Woods clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in their capacity as employees of North Woods. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage North Woods or utilize these professionals to implement any insurance recommendations. North Woods attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with North Woods, or to determine not to purchase the insurance product at all. North Woods also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of North Woods, which requires that employees put the interests of clients ahead of their own. Mr. Wadsworth, in his capacity as an employee of SDN, may refer SDN clients to North Woods for investment advisory services. North Woods may pay him a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from North Woods' fees, and shall not result in any additional charge to the client.

## *Legal*

From time to time, our clients are in need of an attorney to assist them with wills, trusts and estate planning needs. We may recommend that clients work with Cindy Wadsworth, an estate planning attorney located in Buffalo, NY. Ms. Wadsworth is the wife of Barrett Wadsworth and daughter-in-law of Bill Wadsworth. Accordingly, North Woods has a material conflict of interest in recommending her as opposed to another, unaffiliated attorney because increased business for her will result in financial gain to Mr. Wadsworth. We attempt to mitigate this conflict by disclosing the conflict to clients, and informing the clients that they are always free to engage attorneys that are not affiliated with North Woods, and reminding clients that as in all other recommendations regarding other professionals, clients are free to accept or reject our recommendation.

### D. Recommendations of Other Advisers

North Woods does not recommend the use of other advisers.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. North Woods does not recommend to clients that they invest in any security in which North Woods or any principal thereof has any financial interest.

C. On occasion, an employee of North Woods may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of North Woods may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

North Woods does not maintain custody of client assets, though North Woods may be deemed to have custody if a client grants North Woods authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. North Woods recommends that investment accounts be held in custody by Schwab Advisor Services (“Schwab”), which is a qualified custodian, but also may recommend other custodians if the specific client’s needs merit such a recommendation. North Woods is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when North Woods instructs them to, which North Woods does in accordance with its agreement with you. While North Woods recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. North Woods does not open the account for you, although North Woods may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (i.e., costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian refers clients to North Woods as part of our evaluation of these broker-dealers.

### **Your brokerage and custody costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer, but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like North Woods. They provide North Woods and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help North Woods manage or administer our clients’ accounts, while others help North Woods manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to North Woods. Following is a more detailed description of Schwab’s support services:

### **Services that benefit you**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### **Services that may not directly benefit you**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### **Services that generally benefit only us**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

## **Directed Brokerage**

North Woods will, on occasion, allow directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and North Woods will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Frisch Financial. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

We do not consider whether Schwab or any other broker-dealer/custodian refers clients to North Woods as part of our evaluation of these broker-dealers.

### **B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

## **Item 13: Review of Accounts**

All accounts will be reviewed by a Principal of the Firm on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by North Woods is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from Schwab. Additionally, all clients will receive quarterly itemized bills from North Woods. Please refer to Item 15 regarding Custody.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

### **B. Compensation to Non-Advisory Personnel for Client Referrals.**

If a client is introduced to North Woods by either an unaffiliated or an affiliated solicitor, North Woods may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Unaffiliated or affiliated solicitors will be licensed in accordance with applicable state laws. Any such referral fee shall be paid solely from North Woods's fees, and shall not result in any additional charge to the client. If the client is introduced to North Woods by an unaffiliated solicitor, the



solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of North Woods's ADV and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between North Woods and the solicitor, including the compensation to be received by the solicitor from North Woods.

#### **Item 15: Custody**

There are two avenues through which North Woods has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to sign standing letters of authorization ("SLOAs"). SLOAs permit a client to sign one document that directs North Woods to make distributions out of the client's account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Clients will receive a bill itemizing the fees that were debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by North Woods against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, clients signing SLOAs will be requested to confirm that the accounts to which funds are distributed are parties unrelated to North Woods.

#### **Item 16: Investment Discretion**

When North Woods is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and North Woods.

#### **Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or

to choose not to vote their proxies. North Woods will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. North Woods will not give clients advice on how to vote proxies.

**Item 18: Financial Information**

North Woods does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.